

WSDOT uses nationally recognized best practices to manage costs

AASHTO / FHWA Best Practice*	Existing WSDOT Practice
Reducing contractor's risk	<ul style="list-style-type: none"> ▪ WSDOT introduced fuel and asphalt escalation clauses in September 2007. ▪ Adjusts for prices in multi-season projects and transfers some of the risk from the contractor to the state to reduce the effect of cost uncertainty in bids. ▪ As of May 2008, 19 contracts include the fuel adjustment clause. WSDOT has paid a total of \$301,000 on 12 of those contracts. ▪ 25 contracts include the asphalt adjustment. WSDOT has paid \$40,000 on these contracts.
Balancing work type in each letting	<ul style="list-style-type: none"> ▪ WSDOT limits the number of similar projects that open on the same day. ▪ Contractors' bid capacity limits the number of projects they may bid on simultaneously. ▪ If projects are staggered, unsuccessful contractors can bid on others, and the opportunity for competition is improved.
Bundling projects (placing smaller projects together)	<ul style="list-style-type: none"> ▪ Not commonly used by WSDOT. Used when analysis suggests there would not otherwise be adequate competition.
Rejecting non-competitive bids and re-advertising	<ul style="list-style-type: none"> ▪ WSDOT analyzes all bids prior to the decision to award or reject bids, and determines whether additional bidders may be available if the project is re-advertised for bid. ▪ Bids \$50,000 / 10% greater than the engineer's estimate require a formal justification. Within the past year, WSDOT rejected bids for three projects that exceeded available funding.

* AASHTO (American Association of State Highway and Transportation Officials); FHWA (Federal Highway Administration)

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Splitting large projects into smaller projects	<ul style="list-style-type: none"> ▪ Not a common practice, but used when analysis suggests that competition would not otherwise be adequate. ▪ Recent examples include the SR 16 Nalley Valley HOV project, and the I-405 Corridor Widening project, both of which received more than 5 statements of qualification, and multiple (3+) bidders.
Conducting more frequent bid openings	<ul style="list-style-type: none"> ▪ WSDOT opens bids on a weekly basis — much more frequently than many other states, which may advertise monthly, quarterly, or once or twice a year. ▪ Projects that miss a scheduled ad date may only slide one week (vs. 3 or 6 months).
Updating construction cost estimate data	<ul style="list-style-type: none"> ▪ WSDOT estimates are reviewed and updated until bids open. ▪ Contractors' bids are updated in the estimating database within 24 hours of every bid opening. ▪ For the \$531.7 million in contracts awarded in FY07, WSDOT's engineers' estimates were within 1.2 % of the amount actually awarded.

WSDOT uses several other strategies in addition to FHWA-identified best practices

Additional WSDOT Practices	
Maintain strong relationships with industry	<ul style="list-style-type: none"> ▪ Collaboration with industry produced fuel escalation clause, and provided input on techniques to increase competition. ▪ State construction engineer will continue to work with industry on an ongoing basis.
Use alternate materials	<ul style="list-style-type: none"> ▪ WSDOT has started using chip seal instead of hot mix asphalt for highways with average daily traffic less than 5,000 vehicles/day— this could result in longer term savings and assure that pavement life is maximized. ▪ Materials Lab will evaluate this approach by January 2009. ▪ WSDOT is monitoring the use of high levels of Recycled Asphalt Pavement (exceeding 20%) and Warm Mix Asphalt as potential methods to reduce paving costs. ▪ WSDOT is constructing a WMA test project in its North Central Region in 2008. ▪ State materials engineer serves on steering committee for international WMA conference, November 2008.
Proactively contact firms to encourage additional bidding	<ul style="list-style-type: none"> ▪ If a project has fewer than 3 proposal holders, WSDOT directly contacts eligible firms from a list of pre-qualified contractors 7-10 days ahead of bid time to inform them of available projects. ▪ In 29 instances, WSDOT was able to add an average of two proposal holders per project through this approach. ▪ Construction Ad & Award Office will continue as appropriate.
Provide firms with the opportunity to submit bids electronically	<ul style="list-style-type: none"> ▪ WSDOT is working with OFM on an implementation plan to pursue electronic bidding. This may increase competition, and will streamline the bidding process. ▪ Implementation plan expected to be completed by December 2008.